

# PRC

Postal Regulatory Commission  
Chairman Ruth Goldway



**Editor's Note:** This is Part 1 of a Postal Record interview with Postal Regulatory Commission Chairman Ruth Goldway, interviewed in her office in Washington, DC, on July 1. It is divided for the purposes of space, with Part 2 scheduled for the next issue. The PRC has a key oversight role with regard to the United States Postal Service, and we thought it would be beneficial for letter carriers to hear Chairman Goldway's views. This portion of the interview covers her background as well as her thoughts on the PRC's top challenges, dealing with the USPS, the Postal Service universal network and six-day delivery.

**Q:** The first question would just be a little about you: your background and how you got into what you're doing now.

**A:** I began my work in the public arena as a consumer advocate. I was involved in the movement in the '70s to improve food labeling and to deal with food prices, and I became the assistant director of the Department of Consumer Affairs in the state of California under [Gov.] Jerry Brown, working on a whole range of consumer issues. So I think of myself consistently as a consumer advocate. In fact, when I became the mayor of Santa Monica—I ran for city council and became the mayor of Santa Monica in 1979—I implemented a farmer's market in the downtown of Santa Monica, having worked on legislation for farmers' markets while I was at the state of California. That became the biggest and most successful farmer's market in southern California and sparked really the success of the farmers' market movement, which is now all over the country. So I feel very proud of that; that was one of the things I think of as making a difference. And after that I worked on a whole range of policy issues dealing with citizen participation in government and a more responsive and human-scale urban planning system—a whole range of issues—and was involved in education and with the Getty Trust, working on their plans on developing a big museum and art center in Los Angeles. My former husband became ambassador to Finland during the Clinton years. And when we were there, I hosted a major meeting for very important women in Finland when [then-First Lady] Hillary Clinton was visiting. She said to me, "Ruth, you've given up your job to go with your husband to Finland. When you return, I want to make sure that you get something in government." So when we did return, I asked her to help me get on the Consumer Product Safety Commission Board, but there were no seats—it was only three people—and the director of personnel at the time urged me to take the open seat on the Postal Regulatory Commission, the Postal Rate Commission at that time. His comment to me was, "Ruth, this is the only government agency that touches every citizen six days a week. I'm sure that you can find consumer issues." I took the position, and certainly I found lots of interesting [issues] to work on, more than I ever imagined. So I've been on the commission for [about] 13½ years, since April of 1998.

**Q:** So you're from California originally?

**A:** I'm originally from New York City. I grew up in New York City and went to the University of Michigan but I spent most of my adult life in California. Certainly the formative years. That's where I raised my children.

**Q:** *What part of New York City?*

**A:** Manhattan.

**Q:** *So it wasn't really that you were interested in postal issues so much as that you were interested in government and consumer issues and getting people involved and making government responsive?*

**A:** Yes, and in fact in my years I've come to realize that almost everybody who's been on the Commission comes from the Hill, having worked on postal issues. Certainly that's been true in my tenure here. So I'm unusual in having come from the outside and bringing with me a particular perspective with regard to the consumer, as opposed to how to fine-tune the existing law, which is what I think most of the commissioners come to the Commission with.

**Q:** *What are the toughest issues you've had to deal with related to postal issues as a commissioner?*

**A:** Over the years I think that the most challenging task has been to get the Postal Service to provide the information that the regulator needs to make a good decision, and then for the Postal Service to listen carefully and respect the advice and the rulings that we issue. I think those concerns have lessened as a result of the new PAEA [Postal Accountability and Enhancement Act], which was implemented in 2006. They're more obligated to give us information. The issues that come before us deal with operations more directly than with rates and so they have to read the decisions as opposed to just looking at the advice we would put in prior decisions. But, of course, we've come up against some real contradictions in law that are very frustrating. The requirement that the Postal Service pay 7 to 10 percent of its revenue directly into the health care retiree benefit fund has tied their hands with regard to any of the directions in the law that everyone had hoped would allow them to survive the changing technology and to grow. They've just not had the capital to make the investment in the future that's necessary.

**Q:** *Any other things related to the law, or is that the main thing you meant when you said contradictions?*

**A:** I would say that the current law gives a very clear responsibility in some areas and very weak oversight in others. It's difficult for us to strike the right balance, to feel comfortable when we were able to give them such clear direction, for instance in rates or the exigency case, but only give them advice about change in service on the advisory opinion process. We are required to determine whether they're in compliance or not every year, but our ability to establish what are the clear designations to be in compliance is complicated. I think, overall, the commission does a good job under the law. I think, other than this major financial burden, most of the law is working. But it is a complicated balancing act and one in which I don't always feel personally satisfied that I've done the best job because I feel I can do a really good job in some areas and not a good job in other areas.

**Q:** *Getting back to something you just said about the Postal Service's two biggest challenges or toughest issues, you didn't really say an issue. What came to your mind was challenges in dealing with the Postal Service providing information and listening carefully. That's sort of, in a way, a different aspect of what [one] often hear[s] from letter carriers about frustrations on the job. That's always struck me. It's not like this is a corporation where they're going to make huge amounts of money and profits. Why does one hear so much, either from what you just said or from the employees, about the toughness of the management? What drives that?*

**A:** I'm not sure that any large organization wants to share so much of its decision-making process. There's a natural tendency, and I think the bigger you get, that's more likely. I mean, it's human nature. The Postal Service likes to think of itself as independent from the government. It must be difficult for the postmaster general and his top management to think of themselves both as a business and as a government agency. I think when there is the benefit of the doubt on their decisions, the benefit of the doubt is to go close up and be more like a private company as opposed to saying "our bottom line is to be accountable to the public because we're a government agency." And they've had success, except for the last few years, in running it independently. When you look back at it, and you look at all the overpayments that were put into the pension funds, the Postal Service has been making money for the government and doing it on its own. But at times of change, it seems to me, as a government agency it really does need to open up and explain more of what it's doing, and hear from its constituents about what needs to be done, and be more flexible than it would like to be given its old institutional pattern.

**Q:** *Some people say that the Postal Service is just outmoded or not needed, or a relic or ought to be privatized, or there's just no role. How do you react when you hear that kind of thing?*

**A:** As I said, I came from being a mayor, dealing with local communities, understanding the personal context that people have in their daily lives with their local government and with the people around them. So I feel that the infrastructure that the Postal Service provides—this network of real people who go to other real people's homes six days a week and provide them with an information system that's low tech, that's reliable, that at the very least is a good backup for the Internet—is essential. Just the other day we were reviewing a study that we're going to put on the web on the Postal Service's handling of the [2005 Hurricane] Katrina disaster and how important the address management service system is to finding people, relocating them, making sure they get their benefits, making sure their families know where they are, helping them to vote. All of these things that were done made me realize if there wasn't an address management system, the government would have to build it. So that there are lots of aspects to the Postal Service

that have to be there whether we're going to make money delivering mail or not. I think that's the view, that there's an essential infrastructure there. We've had the luxury the last 30 or so years of having the market pay for this infrastructure. The Postal Service and the mailers have been paying rates that have allowed the Postal Service to be independent and to grow and to develop. That wasn't the case before 1971 and it may not be the case in the future because the undeniable fact is that the digital revolution is changing the way in which people communicate and hard-copy communications simply aren't as essential as they once were.

**Q:** *Why is six-day delivery important?*

**A:** I believe that the Postal Service's opportunities for growth include package delivery and the emphasis on the personal touch. That's their strength, and removing that sixth day, when it is that they still have this strategic advantage over their competitors on it and they have the reputation of being available more often is essential to their future in the long term—the Postal Service is looking at the short term in terms of immediate savings. But in my view, in the long term, that sixth day is very important. I also feel, and this is something the Commission focused on a great deal in the advisory opinion that we issued, is that there are still many parts of the country that depend upon the mail and that are in rural areas or in the noncontiguous states, where eliminating that sixth day creates a domino effect of delays that really hurts them. My friends who live in New York City or Los Angeles can manage without the sixth day, but people who live in the small towns in rural America, or in the areas of Alaska where there are no roads, even find the time between deliveries stretch already and the extra day, or two, or three—because you're shutting down processing and slowing things up—can make a real difference in their lives. So I think those are two reasons why I find it important to maintain the sixth day. And then, of course, the Commission did a very thorough study, which we stand by, which points to the fact that the Postal Service will not save nearly as much money as they think they will in cutting this service.

**Q:** *In that did you include, or is it a separate calculation, the notion that they'll save 45 percent less, save \$1.7 billion instead of \$3.1 billion, does that include—or is it separate—the notion that they'll also hurt future revenues?*

**A:** The only thing we could include in our calculations was an estimate from a Postal Service survey where they asked mailers: If the Postal Service goes from six to five days, would you mail less? And they got responses which we calculated means that there'll be \$600 million less in revenue coming in to the Postal Service. The Postal Service took that survey and they adjusted it to put in what they thought was

an accuracy factor, but in fact it was a factor that automatically reduced the amount of mail people said they were going to cut from the system. So it was a way to lessen the impact. Their proposal to us said that they would only lose 200 million, but when we took out this adjustment factor and just looked at the survey itself, it was 600 million.

**Q:** *And is that annually?*

**A:** Annually. Now that doesn't include what I talked about before, which is the "opportunity factor." And that's very hard to measure. The opportunity factor: what you could gain by keeping that sixth day vis-a-vis your competitors. It's an economic exercise that would be very hard to measure. That's the kind of thing that companies make guesses on.

**Q:** *So the Commission says that they would save \$1.7 billion? Does that take into account the \$600 [million] or the \$200 [million]?*

**A:** Yes, and it takes into account the fact that we think that they're going to lose \$600 million in revenue.

**Q:** *So that's part of what drives the \$3.1 billion?*

**A:** Right. Four hundred million dollars of that difference comes from that. Another very significant part comes from their belief that all the mail that's delivered on Saturday, or 90 percent of it, can be delivered on Monday by the same letter carriers within the same amount of time. And all of the productivity studies and work-hour studies and volume studies that we've seen show that some of that mail is going to have to be delivered on Tuesday, Wednesday and Thursday. So the work that's done on these other days is going to increase, or they're going to have to bring in lots more people to work on Monday to get the mail out. They're holding to their concept that they believe they can get all that Saturday mail out on Monday.

**Q:** *So your point there is that there would be added personnel costs?*

**A:** Added personnel costs and added delays. What they claim is their reason for saying this is because when there is a three-day holiday, on Tuesday they mail all the mail that would have been mailed on Monday. But when we looked at it, it turns out that that's not at all the case. The mail that they would deliver on Tuesday includes much of the Monday mail, but the rest of the mail gets delayed and spread out during the rest of the week. Otherwise, they would have to increase their staff to do that. And Tuesday is traditionally a very light day of mail, so the Postal Service can absorb a lot more volume on Tuesday. Monday is a very heavy mail day and for the Postal Service to absorb more mail on Monday from Saturday is a real challenge, and the costs of it are simply not included in the Postal Service's plan. ☒